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MATTERS RELATING TO THE PROGRAMMING CYCLES

Request from the Government of Namibia for special status equivalent to that of a least developed country

Note by the Administrator

Addendum

COMMUNICATION RECEIVED FROM THE GOVERNMENT OF NAMIBIA

At the request of the Government of Namibia, the Administrator wishes to bring the attached communication from the Government of Namibia to the attention of the Executive Board.

96-07284 (E) 220496 230496

APPLICATION FOR "AS IF LDC" STATUS

Summary

1.1 Namibia's present development is constrained by the past apartheid policies, which were centred on directing resources to the white minority while denying the majority access to basic services and the means of production, particularly land and education, so as to ensure a cheap, unskilled labour reserve for the white minority. The result of these policies was the development of a dual economy, comprising a small but well-developed and commercially oriented sector, while the rest of the economy was undeveloped, based on subsistence production. The majority lived and continue to live in conditions similar to and sometimes worse than most least developed countries.

1.2 The Committee for Development Planning uses a set of four criteria to define LDCs: per capita gross domestic product (GDP) economic diversification, measured by the economic diversification index (EDI); the augmented physical quality of life index (APQLI), comprising four indicators: life expectancy at birth, per capita calorie supply, combined primary and secondary school enrolment ratio, and adult literacy rate and population size (CDP/1994/5, para. 15). Namibia qualifies as an LDC in three of these criteria. Its population, estimated at 1.6 million in 1995, is well below the cut-off level of 75 million. As can be seen from the attached statistics and calculated indexes, its EDI of 23.47 and its APQLI of 38.87 are also under the cut-off levels. Only the average GDP per capita of $1,706 (1994) exceeds the values normally used when identifying LDCs. However, this relatively high average level of GDP, which places Namibia among the lower middle-income countries, does not reflect the Namibian reality in terms of poverty and social and human development.

1.3 Namibia has one of the world's most skewed income distributions. This is illustrated in the statistics on household consumption, according to which the richest 1 per cent of the households consume as much as the poorest 50 per cent. The richest 10 per cent of the population have an annual per capita consumption of $3,414; however, 90 per cent of the Namibian population have an annual per capita consumption of only $357, half of what is regarded as the cut-off level for LDC identification.

1.4 The Namibian EDI, comprising the share of manufacturing in GDP, the share of employment in industry, per capita electricity consumption and the export ratio, is low, reflecting the fact that the economy is based narrowly on primary production and export and that the majority of the population does not have access to electricity.

1.5 Despite concerted efforts by the Government to expand the access to social services to the majority of the population, the health status and the educational level of the population is extremely low and Namibia's APQLI is well under the cut-off level for LDC identification. In the 1995 Human Development Report, Namibia was ranked 31 places lower according to the human development index than according to GDP per capita. Namibia has the world's highest rate of malnutrition for countries with a GDP per capita of more than $1,000 and the calorie supply per capita per day is approximately 15 per cent under the recommended level of 2,200 calories.

1.6 The structure of the Namibian economy and society at large imposes severe long-term handicaps to growth on the society. As a consequence of the apartheid policies, human resource development is very limited. The level of adult literacy rate is low (42 per cent) and only 0.2 per cent of the population have any form of tertiary education. The economic structure is marked by a concentration on a few primary resource-based, capital-intensive sectors, such as mining and fisheries, in which growth is not translated into income distribution. Hence, the development in GDP is dependent on performance in these sectors and the world market prices for their products and the formal economy's capacity for poverty reduction seems limited. Diversification of the economy into sectors with further growth potential and labour-intensive production methods is an essential but long-term endeavour for the Namibian Government to reverse the trend of economic decline. The productivity of the agricultural sector, on which 79 per cent of the population is directly or indirectly dependent for their livelihoods, is constrained by the country's aridity and proneness to droughts.

1.7 Namibia is therefore a country with the characteristics of an LDC and is accordingly requesting the Executive Board to grant it "as if" LDC status.

2. Introduction

2.1 Owing to its unique history and in order to assist the Government in maintaining social order and overcoming the legacies of apartheid, the Second United Nations Conference on Least Developed Countries, held in Paris in September 1990, recommended that Namibia be given special consideration in support of its economic and social development. In its resolution 46/204 of 20 December 1991, the General Assembly requested "... States and organizations of the United Nations system and other donor agencies to give special consideration to extending to Namibia, during the period immediately after independence, special assistance of a scope comparable to that given to a least developed country".

2.2 Despite having achieved considerable progress, the factors that led to General Assembly resolution 46/204 have not changed dramatically. The Government has succeeded in promoting a peaceful democracy and political stability within the framework of constitutionally guaranteed rights, democratic principles, national reconciliation and affirmative action. However, the economic obstacles to development inherited at independence have proved more tenacious, as the analysis of the socio-economic situation reveals. It is clear that Namibia remains in desperate need of development assistance resources on concessional terms to redress the inherited inequalities.

3. Background

3.1 Namibia is a vast country, covering 824,269 km^2, and, with a population of only 1.6 million, 1/ it is one of the world's most sparsely populated countries, with an average population density of only 1.9 inhabitants per km^2. The country is also the driest in Africa south of Sahel with rainfall that is not only low but also erratic with a high level of inter- and intra-seasonal variability. A

characteristic of the environment is that it has very low production potential and is fragile.

3.2 Over 70 per cent of the population is concentrated in the north, with rural population densities exceeding 100 inhabitants per km^2 while the two southern regions, Karas and Hardap, have population densities of 0.4 and 0.6 inhabitants per km^2 respectively. Increasing per capita income and reducing poverty is constrained by the rapid population growth of 3.16 per cent, giving a very young population and a high dependency ratio. Over 42 per cent of the population is under the age of 14 years, with 63 per cent under 24 years. Namibia's small population is extraordinarily diverse in culture and language. More than 11 languages or language groups exist in the country.

4. Economic structure and performance

Overview

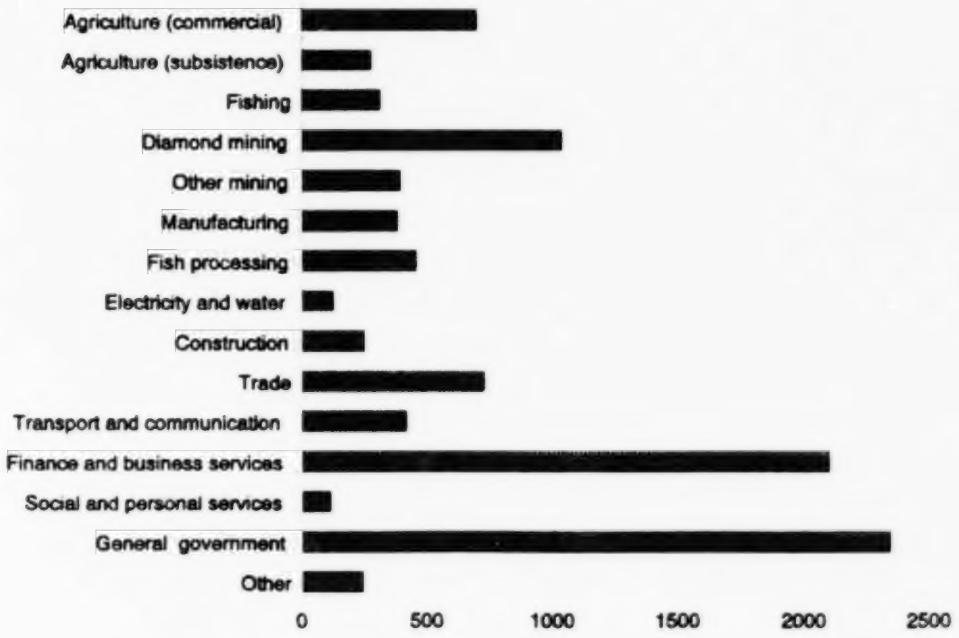
4.1 The present section describes the structure and performance of the Namibian economy since independence, highlighting the narrowness of the economy, its vulnerability to external shocks and the constraints to growth. Namibia's economy is dependent on a few natural-resource based sectors, most of which are capital intensive and have, as yet, made little contribution to increased employment and a reduction in income inequality. The economic activities have limited spatial distribution and the ownership of productive assets is very concentrated.

Structure of the economy

4.2 Namibia's GDP was $2.56 billion in 1994, giving it a per capita income of $1,706. 2/ At the same time, the economy is characterized by extreme inequality, with marked duality: large multinational firms and settler farmers exploit natural resources for export, leaving other sectors largely undeveloped. Figure 4.1 shows the breakdown of GDP by economic sector in 1995. While the two main productive sectors are large-scale commercial agriculture and mining, fisheries and fish processing have increased in importance.

Figure 4.1 Contribution to GDP by industry, 1994

(Millions of Namibian dollars)



Agriculture

4.3 Seventy per cent of the population depends directly or indirectly on agriculture for their livelihood. Yet agriculture accounts for only 10 per cent of GDP. The country's agricultural natural resource base has a limited potential - the bulk of the soils are sandy, stony and shallow with a low water-retention capacity. The semi-arid climate of most of the country acts as a critical constraint to increasing agricultural production in a sustainable manner. Furthermore, the rainfall is markedly seasonal, with less than 1 per cent of the annual total recorded in the winter period. Rates of evapo-transpiration are many times greater than rainfall which means that rainwater, is rapidly lost from the ecosystem and drought is a recurrent phenomenon.

4.4 While subsistence agriculture provides the largest source of employment, it accounts for only 3 per cent of GDP, owing to low productivity levels in the communal sector. Productivity is constrained by the arid climate and poor soils. The full potential in the subsistence sector is not realized because of the low input/output technologies resulting from years of neglect and lack of access to credit, training, research and extension services as discussed in detail in section 5.

4.5 Commercial agriculture, by comparison, accounts for about 7 per cent of GDP and involves mainly livestock production. This accounted for 90 per cent of the agricultural component of GDP in 1992 and about 10 per cent of merchandise export earnings between 1990 and 1994. 3/

Mining

4.6 Namibia is well endowed with a variety of important minerals, ranging from world class deposits of uranium and diamonds to smaller but significant deposits of gold, silver, tin, lead, zinc and copper. Mining and exploration activities are undertaken by the private sector, consisting of a few foreign and multinational companies as well as an undetermined number of small-scale Namibian miners, with Government providing the necessary support and information for these activities. Virtually all value adding processing of minerals takes place outside the country.

4.7 Income from the mining sector is highly vulnerable to change in the world market prices and the contribution to GDP is relatively high but irregular. The income-distributing effects of the mining sector are limited. While the sector has contributed an average of 17 per cent to GDP since 1990, only 4 per cent of the workforce is engaged in this sector and the ownership is concentrated in very few companies.

Fisheries

4.8 The fisheries sector has increased in importance since independence and the sector shows promise for further growth. Thanks to the introduction of different control measures, Namibia has experienced significant increases in the fisheries and related fish-processing sectors. Its share of GDP rose from 4.4 per cent in 1990 to 8.5 per cent in 1993, with exports of fish and fish products accounting for close to 25 per cent of all exports in 1994. Furthermore, this sector has become very capital intensive, only 0.4 per cent of the workforce engaged in the fishing sector. It had proven to be very vulnerable to climatic disturbances as seen in 1994-1995, when unfavourable sea conditions resulted in deterioration of the fish stock.

Manufacturing

4.9 The manufacturing sector share of GDP and export is low: 4.2 per cent and 11 per cent respectively. The manufactured export consists mainly of processed foods and beverage. This sector's contribution to GDP has remained constant since 1980, its development being constrained by the small domestic market and

the relative inexpensiveness of South African imports. The lack of manufacturing capacity obliges Namibia to import almost all consumer and capital goods. Under the pre-independence relationship with South Africa, Namibia became a captive market for South African manufactured goods, which still make up as much as 75 per cent of imported goods.

Government

4.10 The striking feature in figure 4.1 is the importance of the government contribution. Since independence, government expenditure as a proportion of GDP has grown to 43 per cent. This had corresponded to the need to establish and organize government institutions in accordance with the requirements of the new constitution and the functions of an independent and democratic state. In addition, there was a perceived need to restructure the public service, fulfil raised expectations of social change and meet the challenge to expand social services as a means of addressing social inequities. This had to be accomplished in the context of the constitutional agreement not to dismiss any public sector personnel from the previous administration. The need to introduce civil servants representative of the wider population created an increase in the number of civil servants to 65,000. Namibia has roughly one civil servant per 25 citizens, one of the highest such ratios in the developing world. While this development is understandable in a political context, it creates a clearly unsustainable pressure on the national budget. Consequently, the Government has embarked on a wage freeze and a rationalization process through attrition and early retirement.

Regional distribution of economic activities

4.11 As a consequence of the colonial policies, economic development in Namibia is concentrated around the capital, Windhoek, and a number of other towns in the former white area. Many populous and rural areas of the country are economically underdeveloped and lack infrastructure. The regional distribution of the economy is also clearly reflected in the household income and consumption statistics. The average annual consumption in the Khomas region, where the capital is located, is $1,925 whereas the corresponding figures for the poorest regions, Caprivi and Ohangwena, in the northern part of the country, are $273 and $221.

Ownership of productive assets

4.12 The tendencies towards concentration in the Namibian economy are also clear in the ownership of productive assets. The commercial farming sector, which accounts for 8 per cent of GDP is in the hands of only 3,700 farmers, who own the freehold land, which accounts for 44 per cent of the total agricultural land area. In contrast, 150,000 people work on communally owned land, which makes up 43 per cent of the total agricultural land area. In other sectors, such tendencies are even more exaggerated because apartheid policies prohibited the majority of the population from establishing formal businesses.

Economic growth

4.13 The growth of the economy has been irregular, and generally modest as can be seen in table 4.1.

Table 4.1. Annual real GDP growth rates, 1990-1994

	Average 1981-1989	1990	1991	1992	1993	1994	Average 1990-1994
Real GDP growth	1.0%	0.3%	6.6%	7.5%	-1.9%	5.4%	3.5%
Per capita real GDP growth	-2.1%	-2.8%	3.3%	4.3%	-4.9%	2.2%	0.4%

Note: GDP at constant 1990 market prices.

Source: CSO, 1995 Statistical Abstract.

This is partly due to lower levels of private-sector investment and partly to unfavourable developments in world prices for Namibia's major products and partly to unfavourable climatic conditions, which negatively influence agricultural production. In addition, the internal situation, particularly the uncertainties perceived at independence, and the legal and institutional framework seem to have stifled the economic dynamism of the majority of the population.

International trade

4.14 International trade plays a major part in the development of the country. There are current efforts by the Government to expand the opportunities for trade transactions with the rest of the world. Namibia presently has a sound balance-of-payments position. However, for three reasons the economy remains vulnerable to changes in exogenous factors. First, the Namibian economy is extremely open. The ratios of total exports to GDP and imports of goods and services to GDP are very high, averaging 55 per cent and 63 per cent respectively since 1990. Second, merchandise exports are narrowly based and dominated by the mining sector, mainly diamonds and uranium. Despite the declining trend in mining, it is still very significant, accounting for 58.2 per cent of total exports between 1990 and 1992, falling to 43 per cent between 1992 and 1994. Third, the economy is closely linked to South Africa, commercially and financially. Eighty-five per cent of Namibia's imports and 24 per cent of Namibia's exports arrive from or are destined for South Africa. This makes Namibia vulnerable to exogenous changes, as occurred with the serious decline in Namibia's terms of trade since the mid-1980s, when import prices increased faster than export prices. Namibia's vulnerability is exacerbated by dependence on exports of a few primary goods with very little value adding taking place in Namibia.

4.15 The degree of dependence on the South African economy goes much further than simply being Namibia's chief source of imports. The Namibian economy is extremely integrated with South Africa. Namibia is a member of the Southern African Customs Union (SACU), to which South Africa, Botswana, Lesotho and Swaziland also belong. Together, the five countries share a common external trade tariff and goods are allowed to flow across borders unimpeded by tariffs or other restrictions. Membership of SACU brings costs and benefits. It reduces Namibia's options for tariffs and introducing changes that would allow it to become more competitive. Namibia receives significant receipts from SACU, averaging nearly 30 per cent of total revenues between 1990 and 1994.

4.16 At independence, Namibia's currency was the same as that of South Africa: the rand. No independent monetary policy was, therefore, possible. Namibia is still a member of the Common Monetary Area and the new Namibian currency, the Namibia dollar, is at parity with the South African rand. Namibia's exchange rate policy has therefore been identical to that of South Africa. Many Namibian banks and financial institutions remain integrated into the South African banking system. The Central Bank rate of interest has closely followed that of South Africa since independence. Given the parity of the Namibian dollar with the South African rand, the only macroeconomic stabilization tool for Government is fiscal policy.

Employment trends

4.17 Prior to independence, gainful employment opportunities were denied to the majority of the labour force through discriminatory laws and practices, a situation which was compounded by the lack of good education and vocational training. As a result, few blacks had the necessary skills for formal or self-employment. In 1991, fewer than 11,000 people had received technical or vocational training and fewer than 8,500 people had attended university.

4.18 Although the most repressive practices have been eradicated, the structural imbalances in the economy remain and the limited supply of skills makes it difficult for the majority to find employment or to start income-generating activities apart from subsistence agriculture. Opportunities in arable production are limited owing to the lack of water and low productivity, resulting in little or no surplus beyond the needs of typical poor households.

4.19 Data from the population and housing census (1991) and labour-force surveys indicate that just over half the population are considered to be economically active, with a large number of those employed in subsistence agriculture (47 per cent). The second largest employer is the public sector. According to the census data, just under 19 per cent of the economically active population above 15 considered themselves completely unemployed in 1991. The level of unemployment is much higher in the urban population and higher among the younger section of the population. A 1991 labour-force survey showed that over 41 per cent of the economically active population were underemployed. Recent estimates put the unemployment rate at about 30 per cent. 4/

4.20 Since independence, the total number of jobs has risen, mainly as a result of increases in public-sector employment. However, government projections suggest that unemployment and underemployment have worsened since independence.

With nearly 16,000 persons added annually to the labour force, this situation exerts considerable pressure on policy makers to identify opportunities for job creation. The continued bias of the Namibian economy towards capital-intensive techniques has considerably slowed down the creation of jobs. This bias has, to a certain extent, been reinforced by the scarcity of skills and the consequent high prices of skilled labour.

Conclusion

4.21 The duality of the Namibian economy has not changed dramatically in the five years since independence. While some growth has been achieved, structural factors have limited the income-distribution and poverty-reduction effects of the growth in the formal sector. The structural limitations to growth are clearly depicted above: the narrow focus on primary sector production, which increases the economy's vulnerability to changes in world market prices; and climatic disturbances. The narrowness of the Namibian economy is reflected in the low EDI.

4.22 To bring about structural changes in the economy is a long-term endeavour. Most sectors in the formal economy are capital intensive and the incentives to change towards more labour-intensive modes of production are limited because the scarcity of skills have inflated the cost of skilled labour. The productivity of the informal agricultural sector, on which the majority of the population is dependent for its livelihood, is limited by climatic factors.

5. Namibia's socio-economic situation

5.1 This section provides the background to the socio-economic circumstances of Namibia, with an overview of social indicators focusing on poverty levels and quality-of-life indicators. The section highlights the tremendous negative social and economic impact of apartheid, which resulted in a dualistic pattern of development. As the World Bank has stated, "There are indeed two Namibias. The white population, which is no more than 5 per cent of the total, is mostly urban and enjoys the incomes and amenities of a modern Western European country. The black population, mostly rural, lives in abject poverty". 5/

Overview

The impact of apartheid

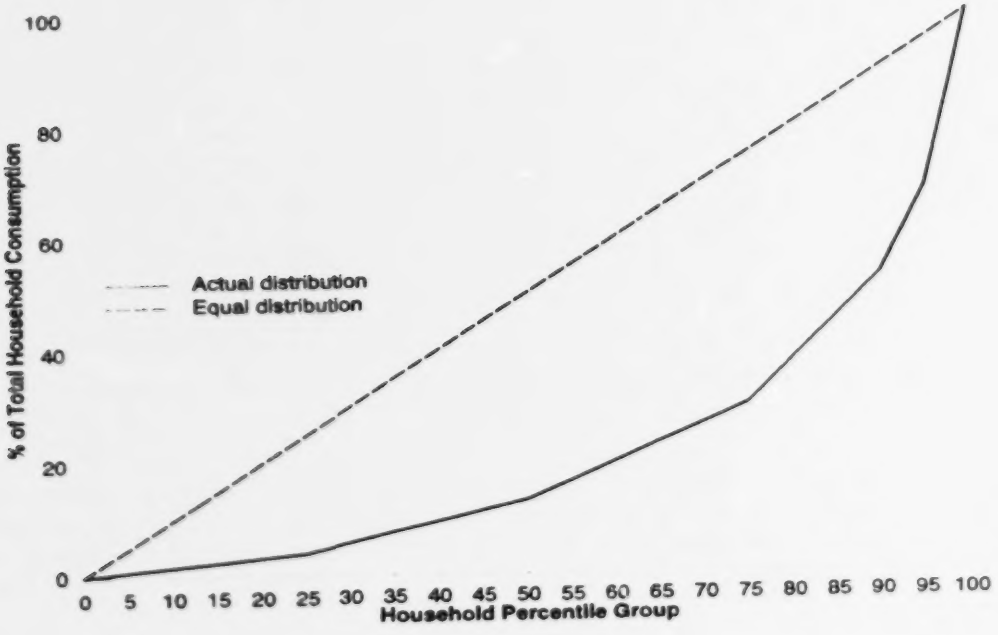
5.2 At independence, the effect of apartheid policies manifested itself in many ways and consequently resulted in extreme relative and absolute poverty. Relative poverty (a measure of wealth in relation to others in society) is reflected in highly skewed distribution of income. The poorest 90 per cent of the population together consume significantly less than the remaining minority. Absolute poverty (a level below which people are considered unable to meet their basic needs) is indicated in estimates that show that approximately half the population live below the poverty line.

Socio-economic indicators

Income inequality

5.3 Income distribution is extremely unequal in Namibia. This is statistically best illustrated in the Namibia household income and expenditure survey, in which consumption was used as a proxy for income. According to this, the richest 1 per cent of households consume as much as the poorest 50 per cent; the better-off half of households consume on average N$ 20,000 (US$ 5,300) a year per household while the poorest quarter consumes only N$ 2,200 (US$ 580) per household. Per capita income ranges from a low of N$ 430 (US$ 120) for the 25 per cent of the households having the lowest income to a high of N$ 47,400 for the 1 per cent of the households having the highest income. The top 10 per cent of the population of the households have a per capita income of N$ 17,500 (US$ 4,640). The other 90 per cent of the population are surviving on a per capita income level of just N$ 1,445 (US$ 380) per annum. It is this majority that will benefit from a decision to extend for the next programming period special status equivalent to that of an LDC.

Figure 5.1 Distribution of Household Consumption



Source: 1993/94 Namibia Household Income and Expenditure Survey, November 1995.

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5.4 Historically, income distribution was very strongly correlated with ethnic grouping. This is also indicated by the household income and expenditure survey, which was carried out on the basis of language. As shown in table 5.1, the income level is much higher in population groups where German or English is the main language of the household. Afrikaans, which is spoken by both white and coloured families, also ranges high.

Table 5.1 Annual household private consumption disaggregated by main language spoken at home

MAIN LANGUAGE	% of total households	% of population	% of total consumption	Average household consumption (US$)	Average per capita consumption (US$)
German	1.6	0.8	6.9	15 413	5 664
English	1.6	1.0	6.3	13 664	3 838
Afrikaans	12.7	9.5	30.0	9 305	2 202
Tswana	0.4	0.3	0.5	3 545	948
Otjiherero	9.1	8.9	7.8	2 947	533
San	3.2	3.4	2.4	2 848	470
Damara/Nama	14.0	12.5	8.1	2 101	414
Oshiwambo	43.7	50.2	25.2	2 256	346
Kwangali	7.9	8.2	4.2	2 021	343
Lozi	4.3	3.9	1.9	1 683	327
Other	1.5	1.3	0.5	1 508	294
NAMIBIA	100	100	99.8	3 555	627

Source: 1993/1994 Namibia Household Income and Expenditure Survey, November 1995.

5.5 According to the UNDP Human Development Report 1995, Namibia ranks 77th out of 174 countries in terms of per capita GNP, qualifying as a "middle income" country. However, Namibia's rank drops to 108th on the human development index (HDI), whose components are life expectancy, adult literacy and income (see table 5.2). The HDI for Namibia, which presents intertemporal changes for the country, declined from 0.295 in 1992 to 0.289 in 1993, which implies a slight decline in the welfare of the people due largely to the severe drought in 1992-1993.

Table 5.2 Comparison of Namibia's GNP and HDI rankings

	1990	1991	1992	1993	1994	1995
Namibia's GNP per capita ranking	60	77	84	98	84	77
Namibia's HDI ranking	96	105	122	135	127	108
Difference	-36	-28	-38	-37	-43	-31

Source: UNDP, Human Development Reports 1990-1995, New York.

5.6 The discrepancy between the HDI and GNP per capita figures implies that high levels of income inequality have resulted in poor performance of social indicators as compared to overall measures of income. While Namibia has a GNP per capita almost three times the average for sub-Saharan Africa, its social indicators are similar to that of the region as a whole, where life expectancy is 52 years and adult literacy is 51 per cent. This is due in large part to the dualistic socio-economic situation.

Poverty

5.7 If poverty is defined and measured in narrow economic terms, Namibia performs relatively well in international terms, classified in the World Development Report as a "lower-middle income country". However, if social and health indicators such as infant mortality and life expectancy are taken into consideration, this misleading picture is seriously undermined. 6/

5.8 There have been various studies of incomes and poverty, both detailed surveys of relatively small samples as well as the CSO Namibia Household Income and Expenditure Survey, covering 5,000 households across Namibia. 7/ These surveys used not only cash incomes but other measures of well-being such as a food consumption ratio (food consumption as a proportion of total consumption) to determine levels of poverty. Those households for which food is 60 per cent or more of total consumption are considered poor (see table 5.3).

5.9 According to these various studies, approximately 50 per cent of all households in Namibia are below the poverty line (40 per cent according to the CSO statistics). 8/ As many as 68 per cent of households were below the poverty line in the Van Rooy et al. survey covering central and southern communities and 53 per cent of the households in the Yaron et al. study of the Okavango region were classified as poor. 8/ The preliminary results of the CSO survey are shown in the tables below.

5.10 Factors contributing to high levels of absolute poverty are the arid climate and low agricultural productivity of the land. This has made it difficult to increase incomes from subsistence agriculture for the majority of the rural population, a population which, though currently small, is growing at a fast rate and becoming increasingly urbanized.

Table 5.3 Poor households in Namibia by food consumption ratio, 1994

Food consumption/ total consumption	Classification	Households	
		Number	%
0%-59%	Not poor	147 000	60%
60%-79%	Poor	73 000	30%
80%-100%	Severely poor	24 500	10%
Total		245 000	100%

Structure and vulnerability of agriculture

5.11 One of the key causes of poverty in Namibia was the colonial expropriation of land from the black majority and transfer to white settlers. Until the 1980s, blacks were unable to buy land and were forced to live in smaller, marginal areas or become farm labourers. While white commercial farmers had access to subsidies, services and cheap labour, the majority was denied such services, unable to improve farming practices and productivity.

5.12 Namibia is the most arid country in Africa south of the Sahel, with a national average rainfall of 250 mm. Even in the north-east, where rainfall averages 400-600 mm, this level is still considered marginal for arable agriculture. For livestock production, the arid climate means that large areas of land are required, ranging from 8-10 hectares per livestock unit (LSU) (roughly equivalent to 1 head of cattle or 5 sheep or goats) in the north to 20-25 hectares per LSU in the south-west. As the rural population has grown, the expansion of agricultural production on marginal land has led to environmental degradation, which has exacerbated poverty in many communal areas.

5.13 The high incidence of drought increases the vulnerability of the poor. In a normal year, the poor are barely able to generate sufficient resources because of the low productivity of land and thus are unable to withstand any reduction in output caused by drought or other factors such as pests and/or crop disease. The recent droughts of 1992 and 1995 have also worsened the conditions of the poor. Although poverty is more prevalent in rural areas, urban poverty is a growing phenomenon as rural migration to cities increases and the economy is unable to provide sufficient employment opportunities in urban areas.

Health indicators

5.14 The main recent sources of information on health status are the 1991 Census and the national demographic and health survey of 1992. Key statistics are shown in table 5.4. The indicators show that levels of health and education in Namibia are well below what could be expected from the country's GNP level. Given the level of Namibia's GNP per capita, the under-five mortality rate should have been no higher than 37 per 1,000 live births in 1993. In fact, the

Table 5.4 Summary of social indicators

	1989	1990	1991	1992	1993	1994
Education						
No. of schools	1 171	n/a	1 229	1 325	1 354	1 365
No. of teachers	12 885	n/a	13 925	15 257	15 280	15 727
Primary enrolment	307 407	313 528	339 179	348 411	352 100	366 666
Secondary enrolment	58 769	61 741	72 286	83 819	92 136	101 772
Expenditure (per cent of total budget)	18	23	23	24	25	27
Pensions						
Minimum state pension (N$ per month)		55	92	120	120	135
Coverage (per cent of eligible)						
Housing						
Build Together (houses)	n/a	n/a	n/a	1,285	1 009	1 300
National Housing Enterprise	822	719	351	158	267	773
Human development indicator (rank of 172 countries)						
Ranking by GDP per capita		60	77	84	98	84
Overall ranking		96	105	122	135	127
Social sector expenditure (percentage of GRN total)	33	39	42	41	42	48

Source: CSO Statistical Abstract 1993, National Programme of Action 1991 and 1993, Demographic and Health Survey 1992, Human Development Reports 1990-1994, Public Expenditure Review 1994, National Housing Enterprise, Directorate of Housing.

under-five mortality rate was 87 per 1,000 live births in 1991. Although it is one of the wealthiest countries in sub-Saharan Africa, its indicators of the physical quality of life are on average for the region. Reliable nationwide statistics on calorie intake per capita per day do not exist at present; however, there are several indications of a poor nutrition level. In fact, Namibia has the highest malnutrition level of any country in the world whose per capita income exceeds $1,000. In the 1992 national demographic and health survey, more than 25 per cent of the children were found to be stunted. Almost 9 per cent of the children were wasted.

Education and literacy

5.15 Primary school enrolment rates rose rapidly from 60 per cent in 1990 to 83 per cent in 1993, thanks to an active drive to improve education and literacy levels and the introduction of free primary education. Unfortunately, the effort has been beset by high drop-out rates, limited numbers of qualified teachers and a lack of materials.

5.16 Adult literacy is regarded as a key development indicator and criterion for classification as an LDC. Adult literacy in Namibia is estimated at only 42 per cent. Severe structural problems created by apartheid still plague the education system. The need to end the legacies of apartheid resulted in the abandonment of Afrikaans in favour of English as a medium of instruction. The dearth of qualified teachers (37 per cent of teachers in primary schools are not officially qualified to teach) has led to extremely low levels of educational attainment. More than 40 per cent of children fail to pass grade 1. For every 1,000 pupils who enter grade 1, it is estimated that only 400 will complete grade 7. When this figure is compared with Botswana, for example, where 80 per cent of those enrolled in grade 1 complete grade 7, the problem in the Namibian education system becomes apparent. Educational spending still reflects the regional imbalances resulting from apartheid. Per capita expenditure by the State on primary education ranges from a high of N$ 2,785 per year in Windhoek to as low as N$ 887 per year in Ondangwa. 9/

Housing

5.17 Housing is a particular problem in urban areas, where apartheid policies restricted movement of the majority and accommodation was provided for single men in the townships. With the removal of these restrictions, families have moved to urban areas but, without sufficient housing, many continue to live in these single living quarters or in shacks in informal settlements without services.

5.18 The 1991 housing and population census provided data on housing numbers and quality. It showed that in 1991, only 83 per cent of those in urban areas had adequate housing. The remaining 13,800 households lived in single quarters, kraals or huts and improvised housing. By 1994, with the increase in the urban population, it was estimated that up to 15,000 households were still in need of improved housing.

6. Conclusion

GDP per capita

6.1 Conventional aggregated measures of national poverty, such as per capita GNP, conceal the true extent of poverty in Namibia. Namibia's dualistic economy has created deep inequalities in income and living standards between a small, wealthy élite and the majority of Namibians, who remain extremely poor and vulnerable. This is reflected in Namibia's human development index, which confers on Namibia a low level of human development.

6.2 Very few countries reveal a greater discrepancy than Namibia between economic performance and social performance, and those countries - Angola, Gabon, Guinea, Saudi Arabia and the United Arab Emirates - are mostly oil exporters, where immense wealth is concentrated in very few hands. In Namibia, no such "natural" explanation of inequality applies: rather, it is the historical legacy of apartheid. 10/

Physical quality of life

6.3 Namibia ranks at the LDC level according to social indicators: most of the population live under the same conditions as in LDCs and sometimes worse.

Namibia's "as if" LDC

6.4 At the time of independence, the General Assembly in its resolution 46/204 of 20 December 1991, requested States and organizations of the United Nations system and other donor agencies to give special consideration to extending to Namibia, during the period immediately after independence, special assistance of a scope comparable to that given to a least developed country (LDC). It was recognized that Namibia was in many ways less developed than its level of per capita GDP would suggest and that the majority of Namibians ought not to be penalized because of the existence of a very well-off minority within Namibia. As demonstrated above, Namibia is in many ways less developed than its level of per capita GDP would suggest. Extensive poverty remains, as shown by the social indicators on nutrition, health, education and literacy. The legacy of decades of apartheid rule will take time to overturn and therefore the Government believes that the case for Namibia's "as if" LDC status should be maintained and adopted by all development assistance agencies.

6.5 Classification of Namibia as an LDC would significantly enhance the flow of development assistance with favourable conditionality and concessionality. This will in turn ensure that resources required to ensure Namibia's social and economic development are forthcoming and would benefit the vast majority of Namibians living in conditions comparable to those in the poorest of countries classified as LDCs.

Notes

1/ Estimate based on the 1991 population census, which showed that the population at that time was 1.4 million

2/ CSO, Statistical Abstract, 1995

3/ Ibid.

4/ Estimates by National Planning Commission.

5/ World Bank Country Study: Namibia Poverty Alleviation with Sustainable Growth.

6/ UNICEF: Children in Namibia, 1996.

7/ Van Rooy et al. (1994) surveyed three communities (225 households) in northern, central and southern Namibia. Yar et al. (1992) surveyed households in one of the poorest regions in Namibia: Okavango.

8/ The distribution of economic resources in the population of Namibia, based on the 1993/1994 Namibia household income and expenditure survey.

9/ UNICEF: Children in Namibia, 1996.

10/ UNICEF: Children in Namibia, 1995.